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SUBJECT: MALDIVES ASSISTANCE OVERVIEW: U.S. AND OTHER DONORS

REF: A) COLOMBO 936 B) COLOMBO 1144

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¶1. (U) SUMMARY: The United States and Maldives have enjoyed a friendly and expanding relationship. U.S. efforts were instrumental in the successful conclusion of negotiations between Maldives and IMF, with the IMF approving in December 2009 a stand-by arrangement and related program worth a combined 92 million USD for Maldives. President Obama also signed in December 2009 a proclamation reinstating Maldives as a beneficiary to the Generalized System of Preferences (GSP). The Trade and Investment Framework Agreement (TIFA) between the United States and Maldives signed in October 2009 aims to examine ways to enhance bilateral trade and investment.

¶2. (U) In the areas of military defense and law enforcement, the United States has extended significant assistance to Maldives with President Obama signing a determination in September 2009 that made Maldives eligible to receive U.S. defense articles and services. In the areas of democratization, human rights, education and drug prevention, the Embassy has extended continuing and regular assistance through international visitors and educational programs, visits and lectures from U.S. experts, and civic and good governance programs. In the aftermath of the 2004 tsunami, the United States extended 12 million USD to Maldives for relief and reconstruction efforts. Maldives also has a host of development partners that continue to provide assistance. On December 16, 2009, Ambassador Patricia Butenis convened a Friends of Maldives Meeting to discuss development partnership engagement in Maldives and prospective future assistance plans. END SUMMARY.

UNITED STATES ASSISTANCE TO MALDIVES

¶3. (U) Per reftel A, President Mohamed Nasheed outlined an ambitious program of economic, social and political development that includes pledges for affordable cost of living, low-cost housing, drug-abuse reduction, introduction of a health care plan, and establishment of a nationwide transport system. The GOM has stated to Post that is seeking assistance in consolidating and deepening democracy, budget/fiscal management, climate change adaptation, social service improvements and military defense and enforcement. The GOM has

insisted that it does not want handouts but rather seeks technical assistance and help in finding free market solutions to its problems. U.S. assistance to the GOM in the aforementioned areas is as follows:

14. (U) Economy, Fiscal Management and Trade

-- Current and Ongoing Programs: In December 2009, President Obama signed a proclamation reinstating Maldives as a GSP beneficiary. The Maldives will be eligible to export nearly 3,500 products to the United States duty-free, which would assist in advancing economic development in the country. With support from the U.S., IMF approved a USD 92 million loan for Maldives, which would assist the GOM in tackling its large fiscal and external imbalances. The U.S.-Maldives TIFA agreement signed in October 2009 provides opportunities for enhanced bilateral and trade investment. The first TIFA council meeting is scheduled for spring 2010 in Washington. The Maldives Economic Minister is expected to be accompanied by a Maldivian business delegation. Post is working with Treasury to fulfill the Maldives Ministry of Finance's request to provide a TDY official in Male to help design new revenue taxes. Post has asked the GOM for additional information on expertise required, and logistical and operational arrangements. Post is also coordinating with Treasury on developing a proposal requested by the GOM for implementation of a business profit tax.

-- Proposals/Future Programs: Maldives has been selected for 200,000 USD in global financial crisis support funds to provide technical assistance to support the GOM's efforts to establish a government bond market. This assistance will be managed by USAID/Sri Lanka. Per reftel B, Post has requested an annual program for Maldives of 10 million USD in Economic Support Funds for three years beginning FY 2010. The MCC did not accept new threshold members in 2009, but

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Post plans to advocate for the GOM for future acceptance into the MCC threshold program. Post is also working with Treasury to sponsor a regional counter terrorism financing conference in March or April, which will examine how to develop effective sanction regimes and strengthen the expertise of South Asian financial intelligence units.

15. (SBU) Military Defense

-- Current and Ongoing Programs: Regular high-level visits, USN ship visits, expert exchanges, conferences, Joint-Combined Exercise Trainings (JCETs), U.S. service academy scholarships, trainings, and seminars on counter-terrorism, drug trafficking, maritime security, disaster management and crisis response. The number of JCETs is expected to increase this year. Funding for IMET courses which include Intelligence, Special Forces, and basic and captain career courses for Maldivian military officers has increased every year. The determination made by President Obama in September 2009 recognizes that Maldives is a valued strategic partner to whom the United States is willing to provide equipment in defense of our shared national interests.

-- Proposals/Future Programs: Post plans to seek additional IMET and Foreign Military Financing (FMF) to professionalize the Maldives National Defense Force (MNDF). No FMF was allocated for Maldives in FY 2011. Current IMET funding levels limit U.S. security assistance to the tactical level. Post has requested 3.4 million USD in 1206 funding that would provide training, equipment and intelligence support to increase GOM capacity to conduct counter-terrorism operations. The request is currently under review at PACOM and OSD. Post is working on an information sharing agreement between the United States and the GOM and trainings on Vessel Board Search and Seizure (VBSS), and maritime security. The Joint Interagency Task Force West (JIATF West) is developing a plan to extend assistance to the GOM in areas of border security, interdiction of narcotics traffic and transnational crime. The draft plan calls for a broad approach to providing assessments, training, and some equipment to security forces, including the MNDF. JIATF West support, with DOD funding would enable U.S. agencies such as DHS, DEA, FBI and others to provide more robust assistance. Post has requested an assessment of Maldivian Coast Guard and Customs boat maintenance capabilities,

and as required, provision for a Small Craft Maintenance Training Team (SCMTT). STATE/PM will look into the GOM's interest in GPOI operations to see if there might be any benefit for them becoming a GPOI partner.

16. (U) Law Enforcement

-- Current and Ongoing Programs: ICE provides training in narcotics interdiction and fraud document recognition, capacity building, investigative support and information sharing under the Customs Mutual Assistance Agreement entered into by ICE and CBP with the GOM. The FBI enjoys an outstanding relationship with the Maldives Police Service (MPS). The DEA New Delhi Country office covers Maldives and coordinates directly with the MPS on narcotics matters and any request for assistance. DS Office of Antiterrorism Assistance Programs (DS/ATA) provided pilot courses on Underwater Explosives Incidents Response and Vital Infrastructure Security in FY 09.

-- Proposals/Future Programs: Post has requested an assessment of infrastructure improvements for Maldivian Security and LE Forces with priority on establishing a biometric identification system for the Department of Immigration, as requested by the GOM, and an air and sea port interdiction program for Maldivian Customs, Police and Coast Guard. ICE is working with JIATF-West and the DAO on a proposal to provide training and maritime security assessments for Maldives Customs, Coast Guard and Maritime Police on fraudulent document detection, bulk cash smuggling and cash couriers, money laundering, trafficking-in-persons and human smuggling, basic drug enforcement, criminal investigative intelligence and biometrics, border enforcement and airport passenger analysis. DS/ATA is looking

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into the possibility of reprogramming funds to enable more ATA training in the future.

17. (U) Climate Change Adaptation

-- Current and Ongoing Programs: USAID currently has a team in Maldives to assess ways in which the 2004 tsunami can provide clues on sea-level rise and adaptation.

-- Proposals/Future Programs: State as well as USAID will have FY 2010 funds for climate change adaptation and mitigation programs that Maldives should be able to benefit from. SCA plans to coordinate with OES on climate project proposals for Maldives. State, NOAA, and others are working to provide a ten-day intensive training seminar in the Maldives this year on coastal management and global climate change. The U.S. Navy has also offered to conduct an oceanographic study for Maldives.

18. (U) Drug Prevention/Treatment

-- Current and Ongoing Programs: In 2009, Post provided 50,000 USD to NGOs and GOM institutions that support after care services for recovering drug addicts. The program aims to improve the capacity of after-care counseling and support services to create a cycle of treatment that if successful can be used as a best practice model.

-- Proposals/Future Programs: State/INL is funding efforts to understand why so many drug addicts in the Maldives are committing suicide - as many as 30 in the past three years. The team will be traveling to Maldives early this year. State/INL has strong programs in drug rehabilitation for prisoners. State/EEB may also have some funding for public outreach programs.

19. (U) Democratization/Human Rights/Education/Cultural Preservation

-- Current and Ongoing Programs: Annually, Post sends Maldivians to the United States under the International Visitors Leadership (IVLP) and Fulbright programs. Maldives currently is allocated five grants under the IVLP and Post has requested an increase in the number of Maldivian participants. These programs provide intensive exposure to current best practices in the U.S. in a variety of fields and topics. Post also regularly sends U.S. speakers to Maldives on topics including fiscal policy and civil issues such as the role of

women, family violence, and drug use. Post plans to continue providing experts on these and related topics this year. Post has a DVC facility located at the American Corner in the National Library in Male through which lectures on a number of topics are transmitted from Colombo and the United States. Post recently funded a new computer-assisted English program at the American Corner and the English Language Fellow from Post regularly visits to improve English teaching in the schools. The Ambassador's Fund for Cultural Preservation provides grants for the preservation of objects and sites of national importance. Maldives has an ongoing grant for the preservation of the site of an old Buddhist monastery on Kashidhoo. Post has received a number of Maldivian proposals for next year. Grants average about USD 40,000.

-- Proposals/Future Programs: Under the 2011 MSP, Post requested USD 2 million for judicial reform and civil society programs, including modernizing legal training of lawyers, streamlining judicial procedures, case-management training for court officials, and encouraging civic education and citizen participation. DRL would consider ideas and likely have some resources from its worldwide budget to develop programs for deepening Maldivian democracy.

¶10. (U) Post-tsunami Recovery Program

-- In response to the 2004 tsunami, U.S. Congress allocated 12 million USD for relief and reconstruction assistance for Maldives. Relief programs worth 1.3 million USD were concluded within the six months following the tsunami. For longer term reconstruction, State awarded Maldives an 8.6 million USD grant for construction of a

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harbor and breakwater, upgrading of sewage systems, repair of power systems, and assistance to the Ministry of Finance to improve its public accounting. Most of these projects have already been completed. USAID/Sri Lanka provided a 1.9 million USD grant to install water desalination plants, help build local capacity, and improve health care services.

¶11. (U) Other Proposals/Future Programs

-- To deepen United States engagement and Post's contact network and relationships with the GOM, the embassy is looking into hiring a public affairs specialist in Male and a Maldivian Political and Economic Specialist that will be based at the embassy in Colombo.

ASSISTANCE PROVIDED BY OTHER DEVELOPMENT PARTNERS

¶12. (U) On December 16, 2009, Ambassador Butenis convened a Friends of Maldives Meeting in preparation for a donor conference that Maldives is planning to hold in March. It was attended by financial institutions such as the International Monetary Fund (IMF), the Asian Development Bank (ADB) and the World Bank. IMF and ADB recently granted 127 million USD in loans to the GOM in support of reform initiatives that seek to correct fiscal imbalances and restore economic growth. In 2008 and 2009, the Bank extended financing to the GOM totaling 24.6 million USD for pension and social protection administration, environmental management, and mobile banking services.

¶13. (U) Other development partners in attendance were Australia, the European Union, Japan, Germany, Norway, The Netherlands, the U.K. and the UNDP, all of whom have contributed to tsunami recovery efforts. These development partners have continued to extend assistance to the GOM through loans, grants, and technical assistance in areas that include democratic governance capacity building, infrastructure development, food-aid, environmental protection, and climate change mitigation.

¶14. (U) Based on the GOM's public database and media reports, other countries such as China, India, Kuwait, Saudi, and the U.A.E. have increasingly extended loans and grants for infrastructure and utilities development, and improvements in the health and education sectors. The World Health Organization (WHO) provides ongoing assistance for health sector development.

¶15. (U) A matrix outlining other donors' assistance is available

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